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REPORT OF THE COMMISSION ON ITS TWENTY-SIXTH SESSION

Draft report

Addendum

Rapporteur: J. A. MWANIKI (Kenya)

Chapter ____. PRICE STATISTICS

1. The Commission considered item 7 of its agenda at its 442nd meeting, on 7 February 1991. The Commission had before it the report of the Secretary-General on developments in phase VI of the International Comparison Programme (ICP) and on other related international comparison issues (E/CN.3/1991/17) and the report of the Secretary-General containing updated information on the work of the Statistical Office of the United Nations Secretariat (E/CN.3/1991/30).

2. The Commission commended the high quality of the report of the Secretary-General on developments in the International Comparison Programme. The issues, particularly those concerning the phase VI comparison, had been examined thoroughly. The Commission expressed appreciation of the comprehensive description of the application of ICP results. It recognized the increasing uses and high informative value of per capita real product, purchasing power parities and other results of ICP. In that context it was proposed that ICP be more widely publicized.

3. The Commission noted the status of completion of the phase V comparison, with 1985 as the reference year. While results were available for the European Community, OECD, the European Comparison Programme, the African comparison and the ESCAP comparison, basic data of the Caribbean region had just been submitted. Processing of the global comparison results by EUROSTAT would be started as soon as the processing of the Caribbean results had been completed. It was anticipated,

therefore, that the report of the phase V global comparisons would be finalized in the second half of 1991, as a joint publication by the organizations concerned. The Commission noted with regret the long time lag in producing the results of the phase V comparisons, although it recognized that the delay for phase V was similar to that experienced in previous phases of ICP.

4. With one or two reservations the Commission expressed strong support for the Programme. Many members expressed the view that the purchasing power parities resulting from the Programme would be a qualitatively superior substitute to the present use of exchange rates in international comparisons.

5. The Commission took note of certain limitations of the 1985 global results, in addition to those stemming from the time lag in their publication. It recognized that the small number of core countries introduced a degree of uncertainty in the links between regional comparisons.

6. The Commission considered that in the long run a better integration of ICP work with regular national statistical activities should be achieved, especially in the field of price statistics. Thus the additional burden on countries incurred by their participation in the Programme could be considerably reduced.

7. The Commission welcomed the significant support for various activities of phase VI of the Programme provided by several countries and a number of regional and international organizations. OECD and the European Community comparisons for phase VI were carried out on a rolling basis and results for reference year 1990 were expected to be ready by the end of the year. In Eastern Europe, five countries had started 1990 comparisons, co-ordinated by the Austrian Statistical Office.

8. With regard to the developing regions, the Commission acknowledged with appreciation the support provided by the Government of Japan that had enabled the phase VI comparison to be launched in the ESCAP region, with 15 participating countries and 1992 as the reference year. In addition to providing financial support for the ESCAP comparison, the Government of Japan had also offered to provide regional advisory services. The Commission took note of possible new sources of finance for phase VI in the region covered by ECLAC. It was informed that the Inter-American Development Bank and the ECLAC secretariat had begun discussions which could lead to support for a 1993 regional comparison. The Commission expressed appreciation of the continued interest of the European Community in supporting the regional comparison in the African region. Finally, the Commission was pleased to learn of the World Bank's plans to develop portable software for use by participating countries and regional commissions and to build up an electronic network for better communication between ICP-related organizations. The Bank would furthermore make available resources to foster comparison work in developing regions, channel funds for organizing workshops and provide technical assistance at the country level.

9. The Commission expressed satisfaction with the progress achieved in the preparation of the handbook on ICP and urged the Statistical Office of the United Nations Secretariat to make arrangements to revise the present draft and issue an

interim version of the handbook for immediate use by countries participating in the phase VI comparison. It welcomed the offer made by the Government of the United States of America to provide assistance in the finalization of the handbook.

10. The Commission was of the opinion that the regionalization, and consequently the decentralization, of the processing of information established a closer connection between the input countries provided and the output they received. It considered that that could contribute to a better use of ICP results for analytical purposes at the national level. EUROSTAT indicated that it was prepared, if necessary, to assume responsibility for processing the global results as it had done in phase V.

11. The Commission recommended that a global comparison be carried out in phase VI. It noted that most of the necessary preconditions for a satisfactory global comparison had been met, but that there might still be insufficient resources, at the global level, to ensure that all necessary travel could be carried out. The Commission stressed that the Statistical Office of the United Nations Secretariat had to maintain close contact with organizers of the regional comparisons to ensure the required degree of consistency among the comparisons and improve comparability of the basic data collected and processed in the developing regions. The Commission noted that the character of the report on the global comparisons for phase VI of ICP would depend on the degree of consistency of the regional results that could be achieved.

12. The Commission was of the opinion that the Statistical Office of the United Nations Secretariat should perform a central role in ICP, focusing on the co-ordination of the global comparison and dissemination of technical documents to ensure the integrity of the global comparison and promote the implementation of a uniform methodology for ICP. The Commission recognized that a number of developing countries, particularly those participating in ICP for the first time, required technical support and advice from the Statistical Office of the United Nations Secretariat. It endorsed the division of responsibilities between the Statistical Office of the United Nations Secretariat and the organizers of the regional comparisons and concluded that carrying out operational tasks at the regional level would be the latter's responsibility.

13. The Commission suggested that work on the global comparison be organized according to the proposed timetable. There was a need, however, to elaborate a more refined schedule of work at both the regional and global levels.

14. The Commission stressed the necessity of holding frequent consultations among the organizations involved in ICP work in order to resolve undetermined methodological and organizational issues and to work out strategies for overcoming various kinds of difficulties that would impede the timely completion of phase VI. It was stressed that that aim could be achieved only by close co-operation and joint efforts of the organizations concerned. In that context, the important role of the Inter-Secretariat Working Group on the International Comparison Programme was emphasized.

15. Several members of the Commission made proposals on particular points of the methodology. The Commission discussed the attributes of the core country method versus the core commodity approach and suggested that core commodities be used to facilitate linking regional results in phase VI. A suggestion was made for a group of experts to be established to consider details relating to the core commodity approach. The Commission recognized that the change-over to the core commodity approach would entail a shift of workload from countries to the Statistical Office of the United Nations Secretariat. It noted that the Statistical Office was working to complete the core commodity list, which would be made available for incorporation into the regional lists of commodities.

Action taken by the Commission

16. The Commission:

(a) Took note of the status of completion of phase V of the International Comparison Programme and urged that the global results to be published as quickly as possible;

(b) Requested the Statistical Office of the United Nations Secretariat to expedite the completion, publication and dissemination of the handbook on the International Comparison Programme;

(c) Emphasized the need for the Statistical Office of the United Nations Secretariat to perform a central co-ordinating role in the implementation of the International Comparison Programme;

(d) Stressed the importance of convening meetings of the Inter-Secretariat Working Group on the International Comparison Programme so that technical and organizational issues could be agreed upon;

(e) Reaffirmed the regionalization of the International Comparison Programme as the basic approach to obtaining internationally comparable results;

(f) Endorsed the core commodity approach as the viable methodology for linking the regional comparison to derive global results in phase VI;

(g) Encouraged wider publicity of the results of the International Comparison Programme at the national and international levels;

(h) Requested the Secretary-General to submit to the Commission, at its twenty-seventh session, a report on developments in phase VI of the International Comparison Programme and on other related international comparison issues.